

Restaurant Quarterly Update

Fall 2018



Market Update

September restaurant survey data indicated a 1.2% improvement in same-store sales (SSS), while the third quarter had an overall increase in SSS of 1.2%. This quarterly result represents the strongest sales growth rates for restaurants in the past three years and is the first quarter since the fourth quarter of 2015 in which all three consecutive months were positive.

Even though the industry appeared stronger due to hurricanes in Texas and Florida in the previous year, sales growth was impressive across the entire country. All geographic regions reported positive sales growth throughout both September and the third quarter as a whole, with 76% of all designated market areas (“DMAs”) posting positive growth.

Although the industry generated positive sales growth, restaurants experienced a 1.4% decline in same-store traffic in September. While this is an improvement from earlier in the year, it still indicates that restaurants are likely far from a true long-term recovery. Even though the third quarter experienced a 1.3% decline in same-store traffic, this represented the best quarterly result in the past three years.

Even as sales hint at a recovery, the reality is that restaurants opened for more than one year continue to lose guests. It is only through rising guest checks that restaurants have been able to post organic top-line growth. The fact that this is the best traffic quarter in the past three years highlights the continued market share battle for guest traffic.

As the economy nears full employment, with the unemployment rate dropping to 3.7% in September, recruiting and retaining employees remains a major concern for operators. After years of continuous increases, turnover rates for both hourly employees and restaurant managers have dropped slightly in recent months. Sustaining the reduction of historically high turnover rates and weathering the ongoing struggle with staffing for sales growth will be crucial parts of restaurant operators’ strategy discussions as they head into 2019.

KEY INFORMATION (1)



September SSS grew by 1.2%, while comparable traffic fell by 1.4%



Average guest checks are up 2.9% in 2018 vs. 2.2% for the same period last year, helping to mitigate the drop in traffic



Job growth among chain restaurants has accelerated in recent months, with the number of restaurant employees growing 2.0% year-over-year in August



Although August saw a decline in employee turnover rates, this remains a serious issue amid current economic conditions



Consolidation Cycle Continues with Take-Private Acquisitions Front and Center

Publicly traded restaurant companies being taken private for strategic purposes by both restaurant holding companies and private equity firms has become increasingly popular within the restaurant space recently. Over the past two years, there have been 11 take-private transactions which have resulted in the removal of millions of EBITDA and billions of market capitalization from the public markets, according to CapitalIQ and S&P Global Market Intelligence. In many instances, these take-private transactions have been led by strategic consolidators looking to leverage existing infrastructure and resources. Strategic acquirers look to capitalize on their many competitive advantages, such as access to large, scalable franchisee networks, expertise in advertising and promotions (including aggregate ad-buy), purchasing power with suppliers, and operational and back office infrastructure. In today's competitive environment where restaurants are experiencing margin pressures from a number of directions (labor, real estate, etc.), leveraging one's overhead can be one of the most effective ways to drive net profitability margins. As a result, many restaurant concepts have been bought out at significant premiums to stock price and double-digit EBITDA multiples, while also providing the benefit of taking a longer-term view and improving performance outside the scrutiny of the public eye.

This trend has been driven by a confluence of factors. The Initial Public Offering ("IPO") market for restaurants has been virtually nonexistent in recent years, and with the oversaturation of units contributing to the flat to declining traffic and SSS figures plaguing the industry, stock prices and valuations have retreated from their highs. This has led to strategic and financial acquirers finding value opportunities in both performing and underperforming assets. The low interest rate environment and robust debt financing markets have made financing these transactions relatively inexpensive, helping to boost deal activity and valuations across the sector.

Roark Capital has been a very active player in the restaurant sector, having made two substantial acquisitions within the past year to add on to its existing investment in Arby's. In November 2017, they acquired Buffalo Wild Wings for \$2.9 billion, constituting a 38% premium on the previous day's stock price and an approximate 11x EBITDA multiple. Roark combined Arby's and Buffalo Wild Wings into a newly formed holding company, Inspire Brands, led by veteran CEO Paul Brown. Inspire continues to be on the hunt for additional brands to add to its holdings, and in September 2018 it announced its acquisition of Sonic Corp. for \$2.3 billion, representing a 19% premium and a 16x EBITDA multiple.

Focus Brands, another portfolio company of Roark Capital, which operates and franchises Cinnabon, Carvel and Auntie Anne's, among others, acquired smoothie chain Jamba Juice for \$205 million in August 2018. This amounted to a 16% premium and a 14x EBITDA multiple.

Also in August 2018, Cava Group announced its acquisition of Zoe's Kitchen for \$300 million, representing a premium of 33% and a 15x EBITDA multiple. The acquisition resulted in the combination of two of the largest players in the fast casual Mediterranean segment. The deal was financed with a significant equity investment led by Boston-based Act III Holdings, an investment firm created by Ron Shaich, founder and former CEO of Panera Bread, as well as The Invus Group, SWaN & Legend Venture Partners, and Revolution Growth.

Earlier this year, Rhône Capital beat out Del Frisco's Restaurant Group and took Brazilian steakhouse chain Fogo de Chão private in February 2018 for \$560 million, representing a 26% premium and an 11x EBITDA multiple, and Bravo Brio Restaurant Group was taken private by industry veteran Bradley Blum and Brazil-based GP Investments in a \$100 million transaction. The Bravo Brio transaction resulted in the formation of a new restaurant holding company called FoodFirst Global Restaurants, which is now actively seeking to add additional brands to its holdings.

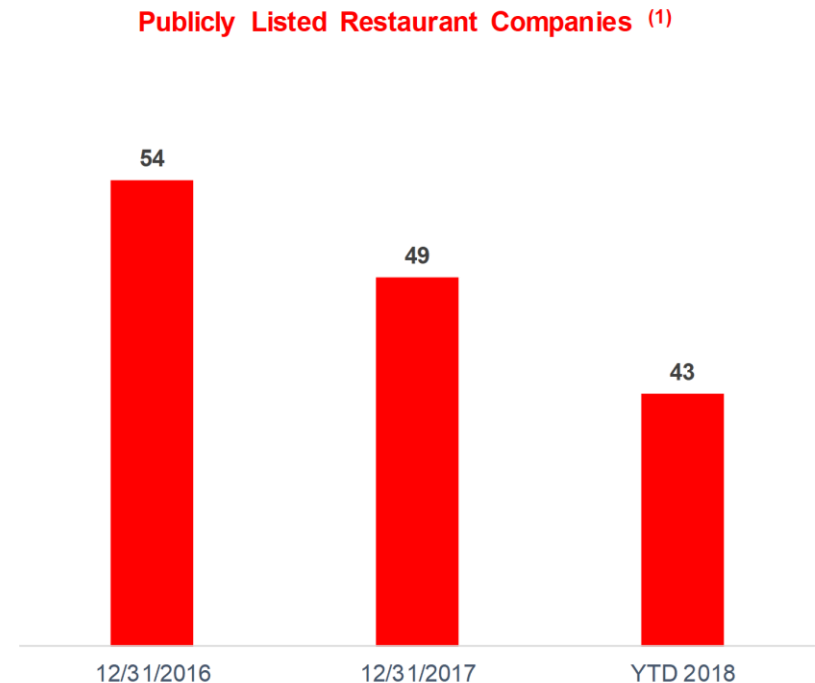
JAB Holdings made the biggest splash from a holding company perspective with its acquisition of Panera Bread for \$7.5 billion in April 2017, to complement its recent acquisitions of U.S.-based breakfast and coffee companies Krispy Kreme and Keurig. Following the Panera Bread acquisition, JAB doubled down with add-on acquisitions of Au Bon Pain and Pret A Manger.

Other recent take-private transactions in 2017 have included Restaurant Brands International's \$1.8 billion acquisition of Popeye's Louisiana Kitchen for a 27% stock premium and a 20x EBITDA multiple, NRD Capital's \$314 million acquisition of Ruby Tuesday, and Golden Gate Capital's \$565 million acquisition of Bob Evans Restaurants.

The most recent take-private acquisition in the sector (November 2018) is Durational Capital Management and The Jordan Company's announced acquisition of Bojangles for \$593 million, representing a 15% premium to the prior day's stock price and 40% to when the company first announced it was exploring strategic alternatives. Continuing on the take-private trend, Papa Murphy's announced that it would be evaluating strategic alternatives, including a possible sale of the take-and-bake pizza chain. The announcement came on the heels of multiple years of SSS declines, including a systemwide SSS decline of 2.1% for the third quarter.

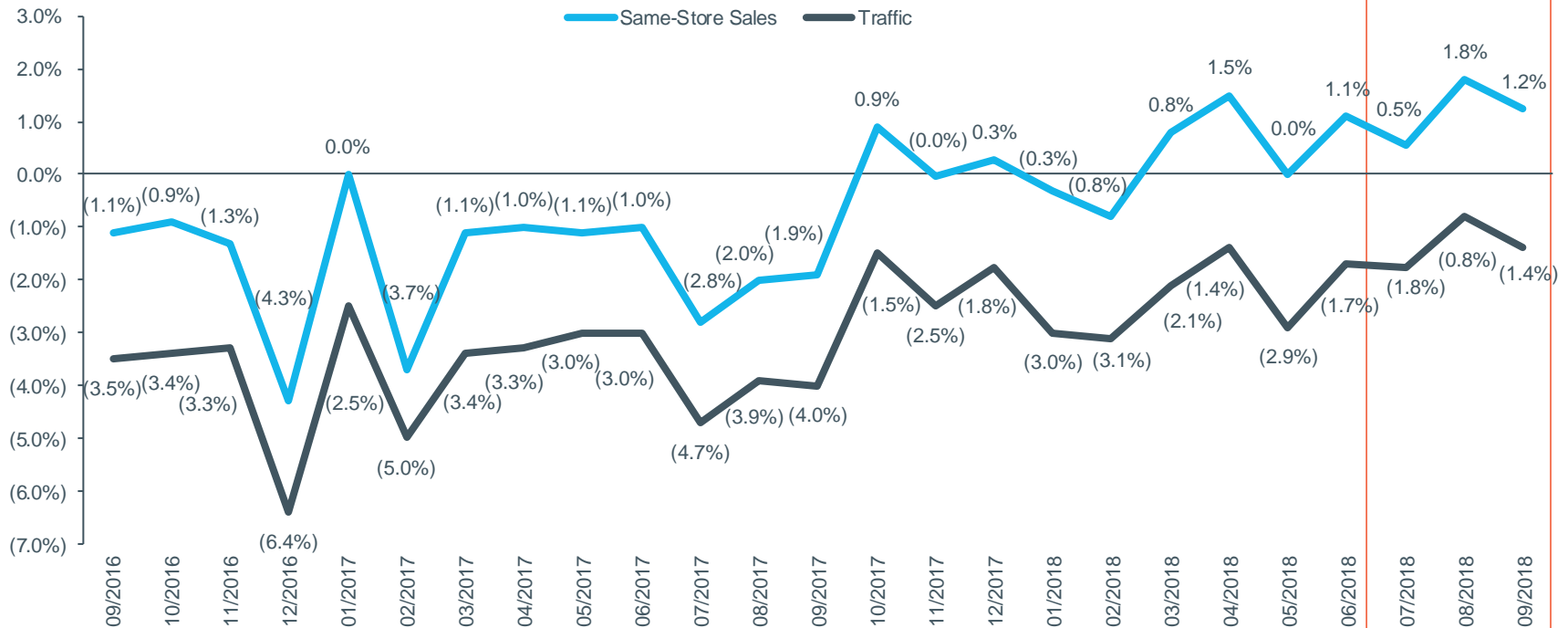
Overall, the restaurant industry has experienced considerable strategic consolidation in the past two years as a result of both take-private and private secondary transactions, and this trend will likely continue into the year ahead. Accretive acquisitions have proven to produce many impactful advantages and synergies. This benefit coupled with that many private equity firms and large strategic holding companies possess a surplus of cash and access to relatively inexpensive debt, the opportunities for strategic consolidation will likely remain plentiful.

Take-Private Acquisitions Since 2016 Have Caused Public Restaurant Listings to Decline by More Than 20%



Restaurant Sector Monthly Same-Store Sales (“SSS”) and Traffic Growth

Q3 2018 was the first quarter since Q4 2015 in which all months had positive SSS; however, negative guest traffic trends have not turned around and remain a crucial industry-wide problem



Quarterly SSS Performance – Last 2 Years



	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Mass Casual									
Cracker Barrel Old Country Store Inc.	1.3% ↑	0.1% ↔	(0.1%) ↔	(1.2%) ↓	(1.4%) ↓	0.2% ↔	1.1% ↑	1.5% ↑	(0.4%) ↔
Brinker International Inc.									
Chili's Grill & Bar	(1.4%) ↓	(1.0%) ↓	(1.4%) ↓	(3.3%) ↓	(2.3%) ↓	(2.2%) ↓	(0.4%) ↔	0.6% ↔	1.9% ↑
Maggiano's Little Italy	(1.7%) ↓	(0.7%) ↔	(0.6%) ↔	(0.8%) ↔	(1.6%) ↓	0.5% ↔	0.5% ↔	0.3% ↔	0.0% ↔
Bloomin' Brands Inc.									
Bonefish Grill	0.9% ↔	1.7% ↑	(1.9%) ↓	(0.8%) ↔	(2.6%) ↓	(4.3%) ↓	(0.1%) ↔	1.5% ↑	1.8% ↑
Carrabba's Italian Grill	(4.8%) ↓	(2.1%) ↓	(2.3%) ↓	(3.8%) ↓	0.4% ↔	(2.8%) ↓	0.9% ↔	(0.6%) ↔	(0.6%) ↔
Fleming's Prime Steakhouse & Wine Bar	(0.8%) ↔	(1.9%) ↓	0.2% ↔	(2.9%) ↓	(1.3%) ↓	(1.0%) ↓	2.9% ↑	0.3% ↔	0.5% ↔
Outback Steakhouse	(2.5%) ↓	(0.7%) ↔	(4.8%) ↓	1.4% ↑	0.3% ↔	0.6% ↔	4.3% ↑	4.0% ↑	4.6% ↑
DineEquity Inc.									
Applebee's	(5.2%) ↓	(7.2%) ↓	(7.9%) ↓	(6.2%) ↓	(7.7%) ↓	1.3% ↑	3.3% ↑	5.7% ↑	7.7% ↑
IHOP	(0.1%) ↔	(2.1%) ↓	(1.7%) ↓	(2.6%) ↓	(3.2%) ↓	(0.4%) ↔	1.0% ↑	0.7% ↔	1.2% ↑
Denny's Corporation	1.0% ↑	0.6% ↔	(1.1%) ↓	2.6% ↑	0.9% ↔	2.5% ↑	1.5% ↑	(0.7%) ↔	1.0% ↑
Red Robin Gourmet Burgers Inc.	(3.2%) ↓	(3.6%) ↓	(4.3%) ↓	(1.2%) ↓	0.5% ↔	(0.1%) ↔	(0.9%) ↔	(2.6%) ↓	(3.4%) ↓
Biglari Holdings Inc.	0.2% ↔	0.4% ↔	(3.3%) ↓	(3.1%) ↓	(2.2%) ↓	(2.2%) ↓	(1.7%) ↓	(3.4%) ↓	(5.0%) ↓
Luby's Inc.	0.7% ↔	1.0% ↑	(2.3%) ↓	(3.8%) ↓	(2.7%) ↓	(5.1%) ↓	0.8% ↔	(0.9%) ↔	(0.5%) ↔
Famous Dave's of America Inc.	(1.0%) ↓	(5.4%) ↓	(4.5%) ↓	(3.0%) ↓	(1.5%) ↓	1.8% ↑	(0.9%) ↔	(1.6%) ↓	NA
Median	(0.9%) ↔	(0.9%) ↔	(2.1%) ↓	(2.8%) ↓	(1.6%) ↓	(0.3%) ↔	0.9% ↔	0.3% ↔	0.5% ↔
Mean	(1.2%) ↓	(1.5%) ↓	(2.6%) ↓	(2.1%) ↓	(1.7%) ↓	(0.8%) ↔	0.9% ↔	0.3% ↔	0.7% ↔

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months. Represents most actively traded public restaurant companies.

Quarterly SSS Performance – Last 2 Years

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	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Specialty Casual									
Darden Restaurants Inc.									
Bahama Breeze	3.9% ↑	2.6% ↑	0.5% ↔	1.4% ↑	1.2% ↑	2.5% ↑	0.2% ↔	0.6% ↔	1.1% ↑
The Capital Grille	(1.2%) ↓	1.2% ↑	0.9% ↔	1.4% ↑	2.0% ↑	3.8% ↑	2.8% ↑	2.6% ↑	3.9% ↑
Cheddar's Scratch Kitchen ⁽¹⁾	NA	NA	NA	NA	(1.4%) ↓	(3.0%) ↓	(4.7%) ↓	(2.0%) ↓	(4.0%) ↓
Eddie V's	(1.7%) ↓	2.7% ↑	4.7% ↑	0.5% ↔	2.5% ↑	6.8% ↑	2.7% ↑	3.6% ↑	3.0% ↑
LongHorn Steakhouse	0.6% ↔	0.1% ↔	0.2% ↔	3.5% ↑	2.6% ↑	3.8% ↑	2.0% ↑	2.4% ↑	3.1% ↑
Olive Garden	2.0% ↑	2.6% ↑	1.4% ↑	4.4% ↑	1.9% ↑	3.0% ↑	2.2% ↑	2.4% ↑	5.3% ↑
Seasons 52	0.7% ↔	(0.3%) ↔	0.8% ↔	(1.3%) ↓	(2.2%) ↓	(0.5%) ↔	(0.2%) ↔	0.4% ↔	(1.9%) ↓
Yard House	0.0% ↔	0.7% ↔	(1.0%) ↓	0.1% ↔	(0.4%) ↔	2.0% ↑	1.9% ↑	1.4% ↑	0.6% ↔
Texas Roadhouse Inc.	3.4% ↑	1.1% ↑	3.2% ↑	3.9% ↑	4.5% ↑	5.4% ↑	4.4% ↑	5.7% ↑	5.0% ↑
Dave & Buster's Entertainment Inc.	5.9% ↑	5.9% ↑	3.2% ↑	2.2% ↑	1.1% ↑	(1.3%) ↓	(5.9%) ↓	(4.9%) ↓	(2.4%) ↓
BJ's Restaurants Inc.	(3.4%) ↓	(3.4%) ↓	(1.3%) ↓	(1.4%) ↓	(1.7%) ↓	1.6% ↑	4.2% ↑	5.6% ↑	6.9% ↑
Chuy's Holdings Inc.	0.3% ↔	0.3% ↔	(0.7%) ↓	(1.0%) ↓	(2.1%) ↓	1.3% ↑	(6.0%) ↓	1.0% ↑	0.5% ↔
Median	0.6% ↔	1.1% ↑	0.8% ↔	1.4% ↑	1.2% ↑	2.3% ↑	2.0% ↑	1.9% ↑	2.1% ↑
Mean	1.0% ↑	1.2% ↑	1.1% ↑	1.2% ↑	0.7% ↔	2.1% ↑	0.3% ↔	1.6% ↑	1.8% ↑

Note: (1) Cheddar's Scratch Kitchen SSS not publicly available before Q3 2017.

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months. Represents most actively traded public restaurant companies.

Quarterly SSS Performance – Last 2 Years



	2016				2017				2018									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Polished Casual																		
The Cheesecake Factory Inc.	1.7%	↑	1.8%	↑	0.1%	↔	(0.6%)	↔	(2.4%)	↓	(0.9%)	↔	1.9%	↑	1.1%	↑	1.5%	↑
J. Alexander's Holdings Inc.																		
J. Alexander's/Redlands Grill	1.4%	↑	1.5%	↑	1.1%	↑	2.9%	↑	4.0%	↑	1.8%	↑	2.3%	↑	1.9%	↑	2.6%	↑
Stoney River Steakhouse and Grill	1.8%	↑	(1.7%)	↓	0.4%	↔	0.5%	↔	3.7%	↑	2.0%	↑	7.3%	↑	6.2%	↑	5.6%	↑
Kona Grill Inc.	0.7%	↔	0.7%	↔	(4.3%)	↓	(6.5%)	↓	(5.3%)	↓	(6.5%)	↓	(8.3%)	↓	(12.1%)	↓	(14.7%)	↓
Median	1.6%	↑	1.1%	↑	0.3%	↔	(0.1%)	↔	0.7%	↔	0.5%	↔	2.1%	↑	1.5%	↑	2.1%	↑
Mean	1.4%	↑	0.6%	↔	(0.7%)	↔	(0.9%)	↔	0.0%	↔	(0.9%)	↔	0.8%	↔	(0.7%)	↔	(1.3%)	↓
Fine Dining																		
Ruth's Hospitality Group Inc.	2.1%	↑	2.1%	↑	0.0%	↔	0.7%	↔	2.9%	↑	(1.6%)	↓	1.5%	↑	1.1%	↑	3.7%	↑
Del Frisco's Restaurant Group Inc.																		
Del Frisco's Double Eagle Steak House	(2.0%)	↓	(3.7%)	↓	(5.0%)	↓	(0.5%)	↔	(1.1%)	↓	1.2%	↑	(2.8%)	↓	(1.2%)	↓	(2.4%)	↓
Del Frisco's Grille	(1.4%)	↓	2.1%	↑	2.1%	↑	(0.9%)	↔	(3.2%)	↓	(5.4%)	↓	(3.6%)	↓	(1.4%)	↓	(0.4%)	↔
bartaco ⁽¹⁾	NA		NA		NA		NA		NA		NA		NA		NA		(7.0%)	↓
Barcelona Wine Bar ⁽¹⁾	NA		NA		NA		NA		NA		NA		NA		NA		2.5%	↑
The ONE Group Hospitality Inc.	(5.2%)	↓	(4.2%)	↓	(6.0%)	↓	3.6%	↑	1.7%	↑	(0.2%)	↔	6.6%	↑	7.5%	↑	NA	
Median	(1.7%)	↓	(0.8%)	↔	(2.5%)	↓	0.1%	↔	0.3%	↔	(0.9%)	↔	(0.7%)	↔	(0.1%)	↔	(0.4%)	↔
Mean	(1.6%)	↓	(0.9%)	↔	(2.2%)	↓	0.7%	↔	0.1%	↔	(1.5%)	↓	0.4%	↔	1.5%	↑	(0.7%)	↔

Note: (1) bartaco and Barcelona Wine Bar SSS not publicly available before Q3 2018.

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months.

Represents most actively traded public restaurant companies.

Quarterly SSS Performance – Last 2 Years

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	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fast Casual									
Chipotle Mexican Grill Inc.	(21.9%) ↓	(4.8%) ↓	17.8% ↑	8.1% ↑	0.9% ↔	0.9% ↔	2.2% ↑	3.3% ↑	4.4% ↑
Wingstop Inc.	3.1% ↑	4.1% ↑	1.0% ↑	(1.1%) ↓	2.0% ↑	4.1% ↑	9.5% ↑	4.3% ↑	6.3% ↑
Shake Shack Inc.	2.9% ↑	1.6% ↑	(2.5%) ↓	(1.8%) ↓	(1.6%) ↓	0.8% ↔	1.7% ↑	1.1% ↑	(0.7%) ↔
El Pollo Loco Holdings Inc.	2.4% ↑	1.6% ↑	(1.3%) ↓	(0.3%) ↔	2.9% ↑	1.7% ↑	1.4% ↑	1.1% ↑	2.6% ↑
Fiesta Restaurant Group Inc.									
Pollo Tropical	(1.0%) ↓	(4.0%) ↓	(6.7%) ↓	(7.7%) ↓	(10.9%) ↓	(0.1%) ↔	1.1% ↑	3.4% ↑	6.5% ↑
Taco Cabana	(4.1%) ↓	(3.5%) ↓	(4.5%) ↓	(4.7%) ↓	(12.6%) ↓	(7.4%) ↓	(1.7%) ↓	3.1% ↑	12.2% ↑
Potbelly Corporation	1.7% ↑	0.6% ↔	(3.1%) ↓	(4.9%) ↓	(4.8%) ↓	(2.4%) ↓	(3.6%) ↓	(0.2%) ↔	(0.2%) ↔
The Habit Restaurants Inc.	0.2% ↔	1.7% ↑	0.9% ↔	0.1% ↔	(0.2%) ↔	(1.0%) ↓	(1.4%) ↓	1.2% ↑	3.6% ↑
Noodles & Company	(0.7%) ↔	(0.8%) ↔	(2.0%) ↓	(3.4%) ↓	(3.5%) ↓	(0.9%) ↔	(0.2%) ↔	5.4% ↑	5.5% ↑
Median	0.3% ↔	0.6% ↔	(2.0%) ↓	(1.8%) ↓	(1.6%) ↓	(0.1%) ↔	1.1% ↑	3.1% ↑	4.4% ↑
Mean	(1.9%) ↓	(0.4%) ↔	(0.0%) ↔	(1.7%) ↓	(3.1%) ↓	(0.5%) ↔	1.0% ↑	2.5% ↑	4.5% ↑

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months. Represents most actively traded public restaurant companies.

Quarterly SSS Performance – Last 2 Years

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	2016		2017				2018		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Quick Service									
McDonald's Corporation	3.5% ↑	2.7% ↑	3.6% ↑	6.3% ↑	5.6% ↑	5.5% ↑	5.5% ↑	4.0% ↑	2.4% ↑
Yum! Brands Inc.									
KFC	4.0% ↑	3.0% ↑	2.0% ↑	3.0% ↑	7.0% ↑	3.0% ↑	2.0% ↑	2.0% ↑	3.0% ↑
Pizza Hut	(1.0%) ↓	(2.0%) ↓	(3.0%) ↓	(1.0%) ↓	6.0% ↑	1.0% ↑	1.0% ↑	(1.0%) ↓	(1.0%) ↓
Taco Bell	3.0% ↑	3.0% ↑	8.0% ↑	4.0% ↑	3.0% ↑	2.0% ↑	1.0% ↑	2.0% ↑	5.0% ↑
Restaurant Brands International Inc.									
Burger King	1.7% ↑	2.8% ↑	(0.1%) ↔	3.9% ↑	3.6% ↑	2.7% ↑	3.8% ↑	1.8% ↑	1.0% ↑
Tim Hortons	2.0% ↑	0.2% ↔	(0.1%) ↔	(0.8%) ↔	0.3% ↔	0.0% ↔	(0.3%) ↔	0.0% ↔	0.6% ↔
Popeyes Louisiana Kitchen Inc.	1.8% ↑	2.4% ↑	(0.2%) ↔	(2.7%) ↓	(1.8%) ↓	(2.5%) ↓	3.2% ↑	2.9% ↑	0.5% ↔
Domino's Pizza Inc.	13.0% ↑	12.2% ↑	10.2% ↑	9.5% ↑	8.4% ↑	4.2% ↑	8.3% ↑	6.9% ↑	6.3% ↑
The Wendy's Company	1.4% ↑	0.8% ↔	1.6% ↑	3.2% ↑	2.0% ↑	1.3% ↑	1.6% ↑	1.9% ↑	(0.2%) ↔
Jack in the Box Inc.	2.0% ↑	1.8% ↑	1.8% ↑	(1.3%) ↓	(0.1%) ↔	(1.2%) ↓	(0.2%) ↔	0.9% ↔	NA
Papa John's International Inc.	5.5% ↑	3.8% ↑	2.0% ↑	1.4% ↑	1.0% ↑	(3.9%) ↓	(5.3%) ↓	(6.1%) ↓	(9.8%) ↓
Sonic Corp.	(2.0%) ↓	(2.0%) ↓	(7.4%) ↓	(1.2%) ↓	(3.3%) ↓	(1.7%) ↓	(2.9%) ↓	(0.2%) ↔	2.6% ↑
Bojangles' Inc.	0.8% ↔	5.5% ↑	(1.7%) ↓	(1.4%) ↓	(2.2%) ↓	2.4% ↑	(3.1%) ↓	(0.6%) ↔	NA
Del Taco Restaurants Inc.	6.7% ↑	5.5% ↑	4.2% ↑	7.1% ↑	4.1% ↑	3.0% ↑	3.7% ↑	3.3% ↑	1.4% ↑
Nathan's Famous Inc.	(6.3%) ↓	(1.3%) ↓	0.2% ↔	8.2% ↑	8.2% ↑	11.5% ↑	10.9% ↑	(4.1%) ↓	(6.3%) ↓
Papa Murphy's Holdings Inc.	(5.8%) ↓	(7.8%) ↓	(5.0%) ↓	(4.3%) ↓	(4.1%) ↓	(3.0%) ↓	(3.9%) ↓	(2.4%) ↓	(2.1%) ↓
Median	1.9% ↑	2.6% ↑	0.9% ↔	2.2% ↑	2.5% ↑	1.7% ↑	1.3% ↑	1.4% ↑	0.8% ↔
Mean	1.9% ↑	1.9% ↑	1.0% ↑	2.1% ↑	2.4% ↑	1.5% ↑	1.6% ↑	0.7% ↔	0.2% ↔

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months. Represents most actively traded public restaurant companies.

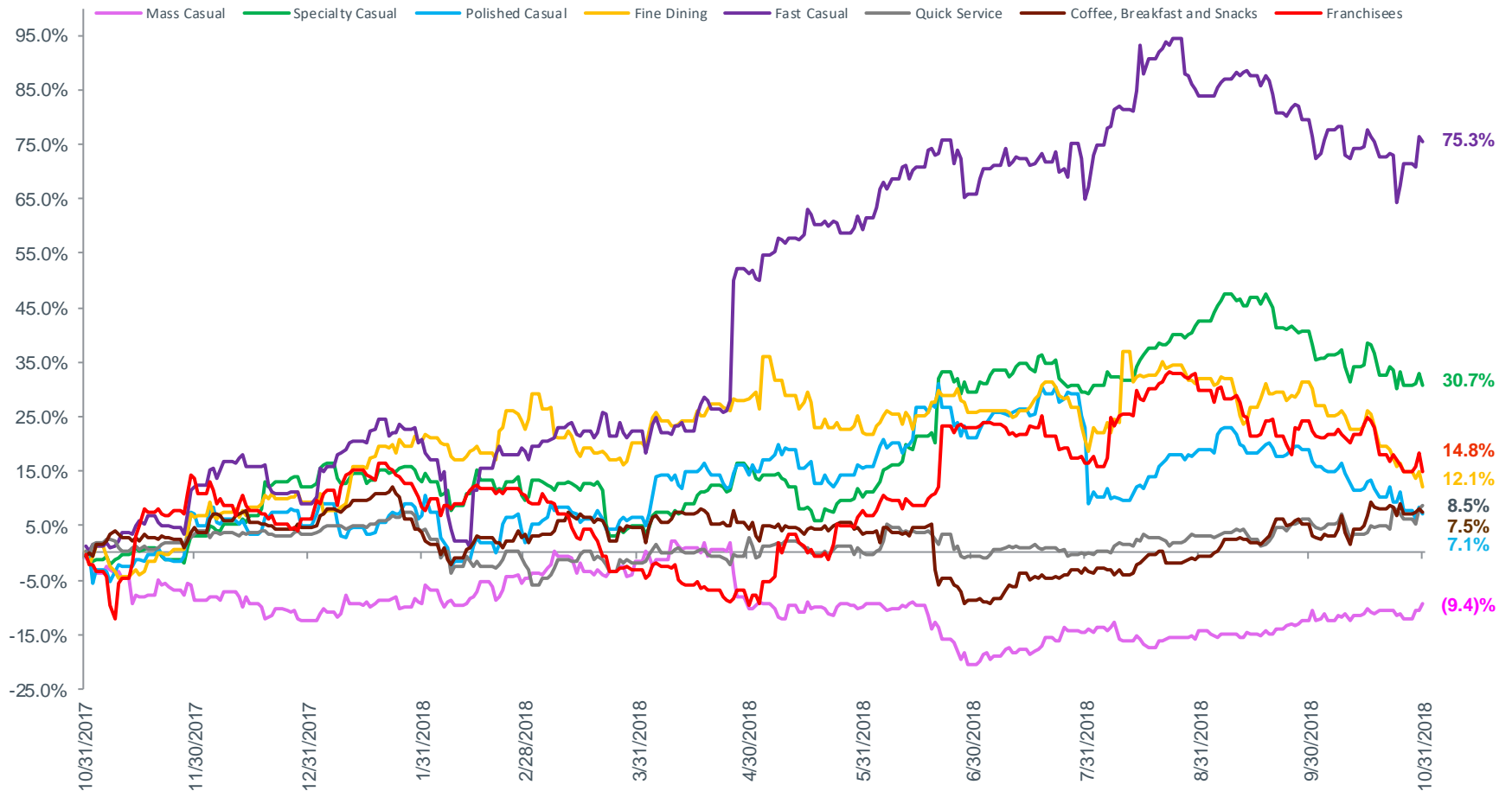
Quarterly SSS Performance – Last 2 Years



	2016				2017				2018									
	Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2		Q3	
Coffee, Breakfast and Snacks																		
Starbucks Corporation	5.0%	↑	3.0%	↑	3.0%	↑	4.0%	↑	2.0%	↑	2.0%	↑	2.0%	↑	1.0%	↑	4.0%	↑
Dunkin' Brands Group Inc.																		
Dunkin' Donuts	2.0%	↑	0.0%	↔	0.0%	↔	0.5%	↔	0.7%	↔	0.9%	↔	(0.3%)	↔	1.6%	↑	1.3%	↑
Baskin-Robbins	(0.9%)	↔	0.0%	↔	(2.1%)	↓	(2.5%)	↓	(3.1%)	↓	3.5%	↑	6.8%	↑	(1.8%)	↓	1.8%	↑
Median	2.0%	↑	0.0%	↔	0.0%	↔	0.5%	↔	0.7%	↔	2.0%	↑	2.0%	↑	1.0%	↑	1.8%	↑
Mean	2.0%	↑	1.0%	↑	0.3%	↔	0.7%	↔	(0.1%)	↔	2.1%	↑	2.8%	↑	0.3%	↔	2.4%	↑
Franchisees																		
Carrols Restaurant Group Inc.	0.0%	↔	3.2%	↑	(0.6%)	↔	3.7%	↑	7.5%	↑	8.9%	↑	6.2%	↑	5.0%	↑	1.6%	↑
Diversified Restaurant Holdings Inc.	(1.8%)	↓	(5.4%)	↓	(0.3%)	↔	4.6%	↑	(4.4%)	↓	(6.8%)	↓	(8.5%)	↓	(6.4%)	↓	(5.2%)	↓
Median	(0.9%)	↔	(1.1%)	↓	(0.5%)	↔	4.2%	↑	1.6%	↑	1.1%	↑	(1.2%)	↓	(0.7%)	↔	(1.8%)	↓
Mean	(0.9%)	↔	(1.1%)	↓	(0.5%)	↔	4.2%	↑	1.6%	↑	1.1%	↑	(1.2%)	↓	(0.7%)	↔	(1.8%)	↓

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *The New York Times DealBook*, *The Deal*, *The Wall Street Journal*, etc.). SSS represents the change in year-over-year sales for restaurants that have been open for at least 18 months. Represents most actively traded public restaurant companies.

Indexed Stock Price Performance – Last 12 Months



Sector index weight based upon company market capitalization at valuation date.

Source: S&P Global Market Intelligence; data as of October 31, 2018. Mass casual index includes Brinker International Inc., Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Luby's, Famous Dave's of America. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants, Chuy's Holdings. Polished casual index includes The Cheesecake Factory, J. Alexander's Holdings, Kona Grill. Fine dining index includes Ruth's Hospitality Group, Del Frisco's Restaurant Group, The ONE Group Hospitality. Fast casual index includes Chipotle Mexican Grill, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, The Habit Restaurants, Potbelly Corporation, Noodles & Company. Quick service index includes McDonald's Corporation, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Sonic Corp., Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, breakfast and snacks index includes Starbucks Corporation, Dunkin' Brands Group. Franchisees index includes Carrols Restaurant Group Inc., Diversified Restaurant Holdings Inc. Represents most actively traded public restaurant companies.

Sector Stock Price Performance

(\$ in millions, except per share data)

Market Sector	Number of Companies	Avg. Equity Market Value 31-Oct-18	Avg. % Change in Market Value			Avg. EV/EBITDA Multiple	
			1 Month	3 Months	12 Months	LTM	2018E
Mass Casual	9	\$1,208	3.1%	5.3%	(9.4%)	9.3x	8.8x
Specialty Casual	5	4,311	(10.0%)	1.3%	30.7%	11.6x	11.4x
Polished Casual	3	770	(12.0%)	(15.7%)	7.1%	8.1x	7.2x
Fine Dining	3	372	(19.3%)	(8.7%)	12.1%	11.4x	8.5x
Fast Casual	8	2,290	(4.2%)	11.1%	75.3%	18.0x	17.2x
Quick Service	11	18,166	2.4%	8.9%	8.5%	14.4x	14.2x
Coffee, Breakfast and Snacks	2	42,297	2.3%	10.3%	7.5%	16.5x	16.3x
Franchisees	2	264	(9.4%)	(1.5%)	14.8%	8.3x	7.9x
Market Indices							
S&P 500 Index		\$2,712	(6.9%)	(3.7%)	5.3%		
Dow Jones Industrial		25,116	(5.1%)	(1.2%)	7.4%		
Russell 2000 Index		1,511	(10.9%)	(9.5%)	0.6%		
S&P Restaurant Index		1,514	3.4%	11.2%	10.3%		

Sector index weight based upon company market capitalization at valuation date.

Source: S&P Global Market Intelligence; data as of October 31, 2018. Mass casual index includes Brinker International Inc., Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Luby's, Famous Dave's of America. Specialty casual index includes Darden Restaurants, Texas Roadhouse, Dave & Buster's Entertainment, BJ's Restaurants, Chuy's Holdings. Polished casual index includes The Cheesecake Factory, J. Alexander's Holdings, Kona Grill. Fine dining index includes Ruth's Hospitality Group, Del Frisco's Restaurant Group, The ONE Group Hospitality. Fast casual index includes Chipotle Mexican Grill, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, The Habit Restaurants, Potbelly Corporation, Noodles & Company. Quick service index includes McDonald's Corporation, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Sonic Corp., Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, breakfast and snacks index includes Starbucks Corporation, Dunkin' Brands Group. Franchisees index includes Carrols Restaurant Group Inc., Diversified Restaurant Holdings Inc. Represents most actively traded public restaurant companies.

Public Restaurant Valuations ●○○○○

(\$ in millions, except per share data)

	Stock Price 31-Oct-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2018E	2019E	LTM	2018E	2019E	
Mass Casual											
Cracker Barrel Old Country Store Inc.	\$158.68	88.6%	\$3,813	\$4,099	1.35x	1.34x	1.34x	10.6x	10.7x	10.0x	12.8%
Brinker International Inc.	43.35	80.1%	1,683	2,832	0.90x	0.90x	0.88x	7.0x	7.2x	7.6x	12.8%
Bloomin' Brands Inc.	19.95	79.8%	1,832	2,913	0.70x	0.71x	0.70x	7.9x	7.5x	7.1x	8.8%
Dine Brands Global	81.04	85.3%	1,435	2,736	4.44x	3.68x	3.49x	14.0x	12.6x	10.4x	31.7%
Denny's Corporation	17.35	95.5%	1,086	1,392	2.30x	2.21x	2.22x	13.8x	13.2x	12.9x	16.6%
Biglari Holdings Inc.	142.50	32.1%	474	638	0.77x	0.74x	0.73x	NM	NM	NM	2.0%
Red Robin Gourmet Burgers Inc.	30.20	43.6%	392	603	0.44x	0.44x	0.44x	4.6x	4.7x	4.6x	9.5%
Luby's Inc.	1.38	43.1%	41	76	0.21x	NA	NA	NM	NA	NA	NM
Famous Dave's of America Inc.	5.31	55.0%	48	43	0.76x	0.82x	0.81x	7.2x	5.8x	5.6x	10.6%
Median		79.8%	\$1,086	\$1,392	0.77x	0.86x	0.85x	7.9x	7.5x	7.6x	11.7%
Mean		67.0%	\$1,201	\$1,704	1.32x	1.35x	1.33x	9.3x	8.8x	8.3x	13.1%

Public Restaurant Valuations ○○○○

(\$ in millions, except per share data)

	Stock Price 31-Oct-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					LTM	Revenue 2018E	2019E	LTM	EBITDA 2018E	2019E	
Specialty Casual											
Darden Restaurants Inc.	\$106.55	85.9%	\$13,224	\$13,999	1.71x	1.69x	1.61x	12.7x	12.5x	11.5x	13.4%
Texas Roadhouse Inc.	60.46	80.4%	4,321	4,187	1.75x	1.71x	1.54x	14.2x	14.3x	12.5x	12.3%
Dave & Buster's Entertainment Inc.	59.55	88.8%	2,312	2,652	2.20x	2.13x	1.91x	9.6x	9.6x	8.7x	23.0%
BJ's Restaurants Inc.	61.18	80.0%	1,286	1,355	1.23x	1.22x	1.16x	10.6x	10.6x	10.0x	11.7%
Chuy's Holdings Inc.	24.37	71.5%	413	402	1.01x	0.99x	0.90x	10.7x	9.9x	9.2x	9.4%
Median		80.4%	\$2,312	\$2,652	1.71x	1.69x	1.54x	10.7x	10.6x	10.0x	12.3%
Mean		81.3%	\$4,311	\$4,519	1.58x	1.55x	1.42x	11.6x	11.4x	10.4x	14.0%
Polished Casual											
The Cheesecake Factory Inc.	\$48.34	80.3%	\$2,132	\$2,265	0.97x	0.96x	0.92x	9.8x	9.8x	9.2x	9.9%
J. Alexander's Holdings Inc.	10.55	78.7%	155	173	0.72x	0.71x	0.66x	8.0x	6.4x	5.9x	9.1%
Kona Grill Inc.	1.76	52.1%	23	53	0.32x	0.32x	NA	7.7x	6.4x	NA	4.2%
Median		78.7%	\$155	\$173	0.72x	0.71x	0.79x	8.0x	6.4x	7.6x	9.1%
Mean		70.4%	\$770	\$830	0.67x	0.66x	0.79x	8.5x	7.5x	7.6x	7.7%

Public Restaurant Valuations ○○●○○

(\$ in millions, except per share data)

	Stock Price 31-Oct-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2018E	2019E	LTM	2018E	2019E	
Fine Dining											
Ruth's Hospitality Group Inc.	\$27.03	79.6%	\$804	\$853	1.90x	1.90x	1.80x	11.8x	11.9x	11.4x	16.1%
Del Frisco's Restaurant Group Inc. ⁽¹⁾	6.75	35.8%	225	584	1.06x	1.04x	0.80x	10.4x	8.6x	6.3x	10.2%
The ONE Group Hospitality Inc.	3.17	86.1%	88	98	1.24x	1.19x	NA	17.7x	9.6x	NA	7.0%
Median		79.6%	\$225	\$584	1.24x	1.19x	1.30x	11.8x	9.6x	8.8x	10.2%
Mean		67.2%	\$372	\$511	1.40x	1.38x	1.30x	13.3x	10.0x	8.8x	11.1%
Fast Casual											
Chipotle Mexican Grill Inc.	\$460.33	86.7%	\$12,791	\$12,121	2.55x	2.51x	2.32x	22.1x	22.8x	18.5x	11.5%
Wingstop Inc.	62.62	82.9%	1,835	2,046	17.04x	13.45x	11.85x	44.2x	42.7x	37.0x	38.6%
Shake Shack Inc.	52.89	75.4%	1,545	1,521	3.53x	3.37x	2.62x	23.3x	22.2x	18.0x	15.2%
Fiesta Restaurant Group Inc.	25.81	83.6%	695	761	1.11x	1.10x	1.04x	12.0x	10.9x	9.8x	9.3%
El Pollo Loco Holdings Inc.	12.51	86.9%	483	546	1.29x	1.27x	1.23x	9.2x	9.1x	8.7x	13.9%
Potbelly Corporation	11.68	82.5%	297	271	0.63x	0.63x	0.61x	8.0x	7.5x	7.2x	7.9%
The Habit Restaurants Inc.	12.70	69.4%	262	275	0.72x	0.69x	0.61x	9.1x	8.0x	7.6x	7.9%
Noodles & Company	9.43	69.9%	414	460	1.01x	1.00x	0.99x	14.8x	14.7x	12.4x	6.8%
Median		82.7%	\$589	\$653	1.20x	1.19x	1.14x	13.4x	12.8x	11.1x	10.4%
Mean		79.7%	\$2,290	\$2,250	3.48x	3.00x	2.66x	17.8x	17.2x	14.9x	13.9%

Note: (1) Pro forma statistics for acquisition of Barteca Restaurant Group
Source: S&P Global Market Intelligence report as of October 31, 2018.
Represents most actively traded public restaurant companies.

Public Restaurant Valuations ○○○○●

(\$ in millions, except per share data)

	Stock Price 31-Oct-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					Revenue			EBITDA			
					LTM	2018E	2019E	LTM	2018E	2019E	
Quick Service											
McDonald's Corporation	\$176.90	98.8%	\$137,239	\$166,588	7.86x	7.92x	8.01x	16.6x	15.9x	15.4x	47.2%
Yum! Brands Inc.	90.41	98.0%	28,298	37,781	6.62x	6.61x	6.74x	20.4x	19.3x	18.1x	32.5%
Restaurant Brands International Inc.	54.77	82.3%	13,753	26,906	5.17x	5.02x	4.80x	12.5x	12.2x	11.4x	41.3%
Domino's Pizza Inc.	268.79	88.0%	11,179	14,568	4.49x	4.22x	3.85x	24.3x	22.9x	20.5x	18.5%
The Wendy's Company	17.24	92.3%	4,086	6,242	4.97x	3.91x	3.77x	15.4x	14.8x	13.6x	32.2%
Jack in the Box Inc.	78.93	72.7%	2,151	3,147	2.28x	3.88x	4.06x	9.7x	11.9x	11.8x	23.5%
Papa John's International Inc.	54.54	78.5%	1,725	2,297	1.38x	1.41x	1.42x	18.4x	17.3x	16.4x	7.5%
Bojangles' Inc.	15.81	92.5%	583	695	1.25x	1.28x	1.34x	10.2x	11.1x	11.2x	12.2%
Del Taco Restaurants Inc.	10.90	73.5%	417	581	1.17x	1.15x	1.09x	9.3x	8.3x	7.9x	12.6%
Nathan's Famous Inc.	74.89	70.0%	314	393	3.87x	NA	NA	13.6x	NA	NA	28.4%
Papa Murphy's Holdings Inc.	4.65	71.5%	79	172	1.67x	1.40x	1.68x	7.6x	8.1x	7.8x	22.0%
Median		82.3%	\$2,151	\$3,147	3.87x	3.89x	3.81x	13.6x	13.5x	12.7x	23.5%
Mean		83.5%	\$18,166	\$23,579	3.70x	3.68x	3.68x	14.4x	14.2x	13.4x	25.3%

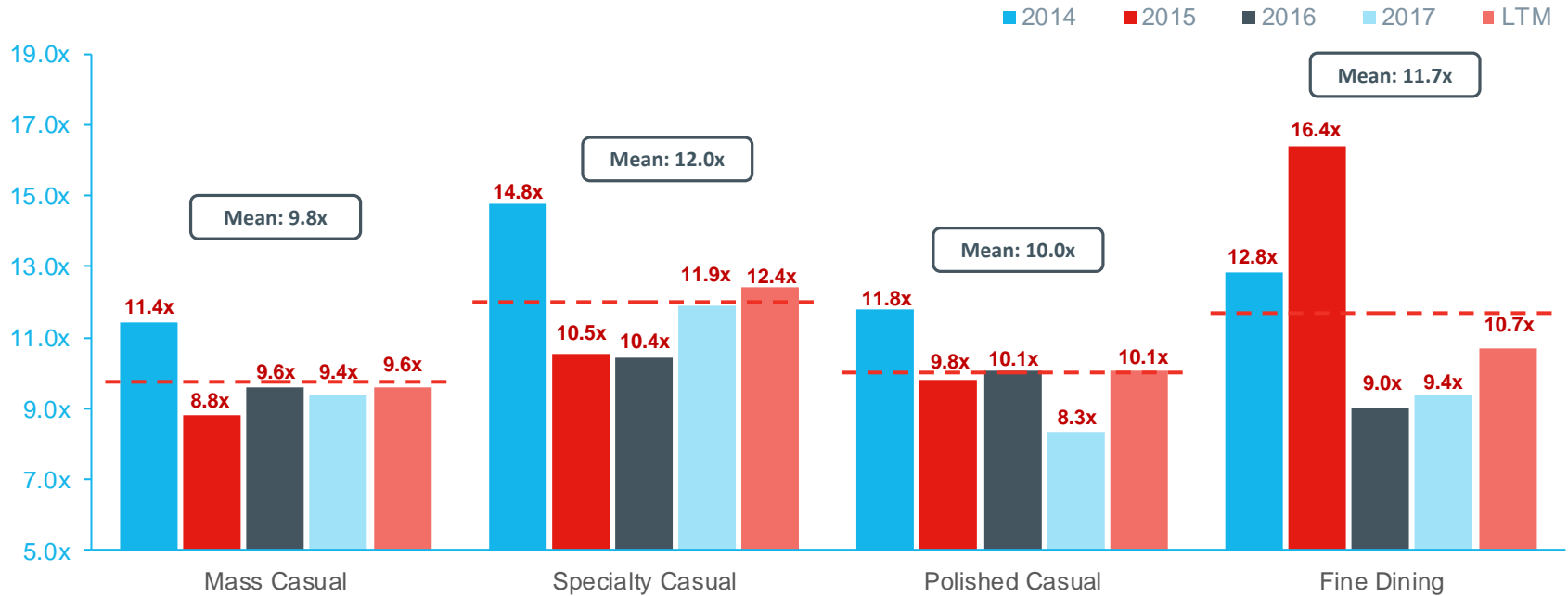
Public Restaurant Valuations ○○○○●

(\$ in millions, except per share data)

	Stock Price 31-Oct-18	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
					LTM	Revenue 2018E	2019E	LTM	EBITDA 2018E	2019E	
Coffee, Breakfast and Snacks											
Starbucks Corporation	\$58.27	94.1%	\$78,612	\$79,121	3.20x	3.15x	2.96x	15.4x	13.8x	13.0x	20.7%
Dunkin' Brands Group Inc.	72.56	94.1%	5,982	8,610	9.55x	6.47x	6.22x	17.5x	18.9x	17.7x	54.6%
Median		94.1%	\$42,297	\$43,865	6.37x	4.81x	4.59x	16.5x	16.3x	15.4x	37.7%
Mean		94.1%	\$42,297	\$43,865	6.37x	4.81x	4.59x	16.5x	16.3x	15.4x	37.7%
Franchisees											
Carrols Restaurant Group Inc.	\$13.16	80.2%	\$481	\$742	0.64x	0.63x	0.59x	7.6x	7.1x	6.6x	8.4%
Diversified Restaurant Holdings Inc.	1.47	78.6%	48	146	0.94x	0.97x	0.96x	9.1x	8.7x	8.3x	10.3%
Median		79.4%	\$264	\$444	0.79x	0.80x	0.77x	8.4x	7.9x	7.4x	9.4%
Mean		79.4%	\$264	\$444	0.79x	0.80x	0.77x	8.4x	7.9x	7.4x	9.4%

Historical Public Restaurant Trends .o

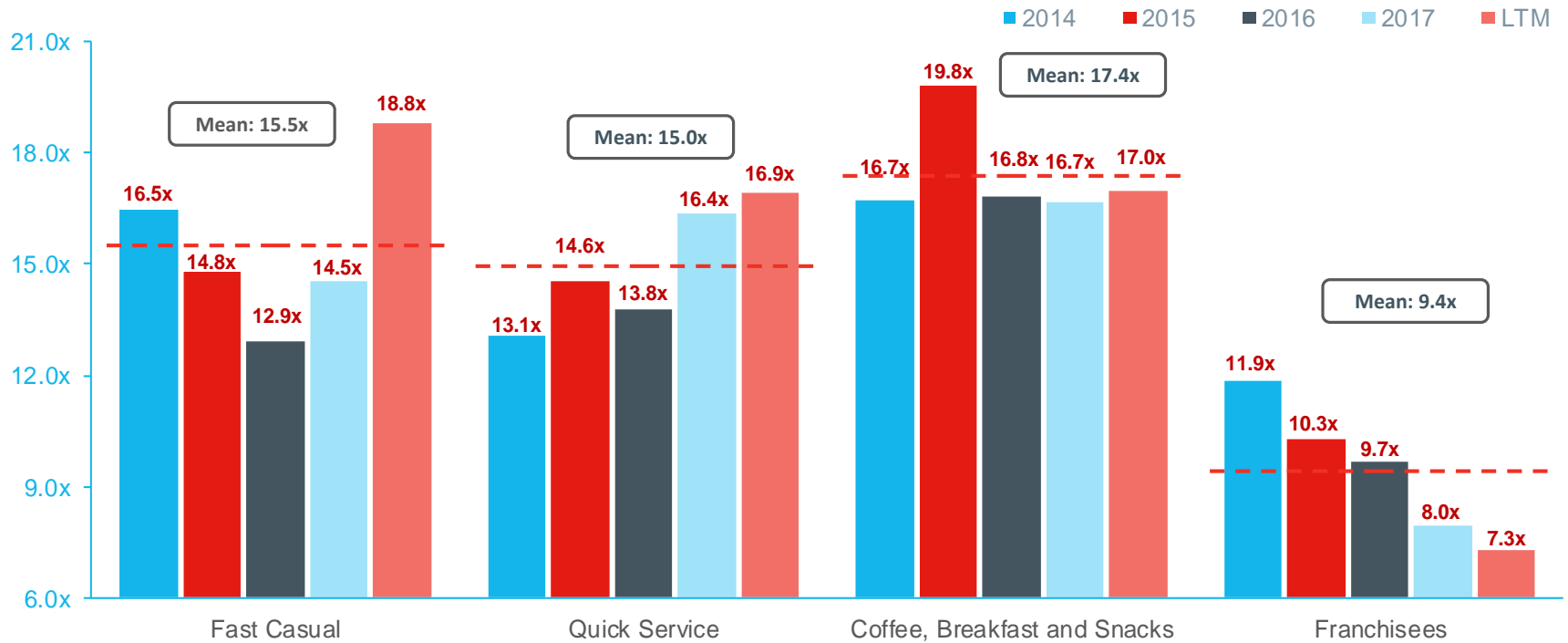
Enterprise Value as a Multiple of EBITDA⁽¹⁾



(1) Index calculation excludes any companies with nonmeaningful trading multiples.
 Source: S&P Global Market Intelligence; Last Twelve Months ("LTM") values as of October 31, 2018.
 Segments weighted based on market cap values at period end.
 Represents most actively traded public restaurant companies.

Historical Public Restaurant Trends

Enterprise Value as a Multiple of EBITDA⁽¹⁾



(1) Index calculation excludes any companies with nonmeaningful trading multiples.
 Source: S&P Global Market Intelligence; Last Twelve Months ("LTM") values as of October 31, 2018.
 Segments weighted based on market cap values at period end.
 Represents most actively traded public restaurant companies.

Recent Restaurant M&A Transaction Activity

Bojangles' Taken Private by Durational Capital and Jordan Company

On November 6, Durational Capital Management and The Jordan Company took Bojangles' private for \$593 million, which represented \$16.10 per share. This represented a 15% premium to the prior day's stock price and a 40% premium to when Bojangles' recently announced it was exploring strategic alternatives. Bojangles' had previously gone public in May 2015 at \$19 per share.

Taco Bueno Files for Chapter 11 Bankruptcy

On November 6, Mexican QSR chain Taco Bueno Restaurants filed for Chapter 11 bankruptcy, with debt-holder Sun Holdings leading the reorganization plan and committing \$10 million in debtor-in-possession financing for operations. Taco Bueno has 169 restaurants after closing 19 units since September. Sun Holdings owns more than 800 franchise restaurants, including Popeyes, Burger King, Krispy Kreme and Golden Corral.

Papa Gino's and D'Angelo File for Chapter 11 Bankruptcy

On November 5, PGHC Holdings, the parent company of Papa Gino's Pizzeria and D'Angelo Grilled Sandwiches, filed for Chapter 11 bankruptcy protection after closing 95 underperforming restaurants. Wynnchurch Capital is acting as the stalking horse bidder in purchasing the remaining 141 locations located throughout New England. The sale is intended to help the brand remodel and modernize the current restaurants.

CraftWorks Acquires Logan's Roadhouse

On November 1, CraftWorks Restaurants & Breweries acquired Logan's Roadhouse, a 204-unit casual dining chain. The combined company will have restaurants and breweries across 40 states and generated close to \$900 million in revenue in 2017 on a combined basis. Logan's CEO Hazem Ouf was named CEO and chairman of the newly formed company after leading Logan's out of bankruptcy in late 2016.

UNO Sells Eight of Its Units to MV Pizza

On November 1, as the first step of a broader refranchising initiative, Uno Restaurant, LLC sold eight of its company-owned locations in Maryland and Virginia to MV Pizza, an affiliate of Bastian Restaurant Group. UNO plans to close a second refranchising transaction by the end of the year, and will maintain 38 company-owned and 62 franchised restaurants, primarily in New England, Florida and Chicago.

Cheesecake Nears Deadline on Acquiring Majority of North Italia

On October 31, The Cheesecake Factory announced it is weighing financial alternatives as the deadline approaches on converting its minority stake into a majority investment of North Italia, a Fox Restaurants Concepts company. North Italia is a polished casual Italian brand with 14 restaurants, with six more units planned to open in the near future. Cheesecake has invested \$80 million between North Italia and Flower Child, another Fox concept, since its initial investment in late 2016.

Tilman Fertitta Proposes Golden Nugget-Caesars Deal

On October 18, the *Houston Chronicle* reported that Tilman Fertitta, the owner of Golden Nugget Casinos and Landry's, approached Caesars Entertainment about a possible merger. The proposed merger would make Fertitta the CEO of Caesars and would likely provide significant whitespace opportunity for the Landry's portfolio to continue its growth.

Daphne's Acquires Noon Mediterranean from Bankruptcy

On October 17, the fast casual Greek restaurant Daphne's acquired the New York-based Noon Mediterranean, best known for its build-your-own bowls. The deal puts Daphne's at 22 units and is likely expected to generate revenue of \$27 million. This is the latest acquisition by Daphne's parent company, Elite Restaurants, which along with its acquisition of Daphne's in April, has acquired Slater's 50/50 and Patxi's Pizza within the past two years.

Recent Restaurant M&A Transaction Activity

La Boulangerie Acquires Loving Cup

On September 27, San Francisco-based bakery chain La Boulangerie acquired frozen yogurt company Loving Cup for an undisclosed amount. La Boulangerie acquired Loving Cup with the intention to rapidly expand the company. La Boulangerie currently operates nine locations, and its predecessor, La Boulange, was expanded on a massive scale when it was purchased by Starbucks in 2012.

Elite Restaurant Group Continues Acquisition Spree with Patxi's

On September 26, Elite Restaurant Group, the owner of Slater's 50/50 and Daphne's, added to its fast-growing portfolio by acquiring Patxi's Pizza, a 17-unit pizza chain, from private equity firm KarpReilly for an undisclosed amount. The acquisition brings Elite's portfolio to 50 restaurants with total sales of \$100 million. Elite had previously purchased Slater's 50/50 in 2016 and added Daphne's to its portfolio in April 2018.

MTY Food Group Acquires sweetFrog

On September 26, MTY acquired the assets of the sweetFrog Premium Frozen Yogurt franchise system. A total of \$28.9 million was paid on closing, financed from MTY's cash on hand and existing credit facilities, while \$2.6 million in liabilities was assumed and \$3.5 million was held back. The acquisition of sweetFrog Premium Frozen Yogurt solidifies MTY as a dominant force in the frozen treat category and represents another major milestone for MTY as it continues to expand its presence in the U.S. In the last 12 months, sweetFrog generated more than \$92 million in system sales.

Parent Company of Arby's and Buffalo Wild Wings Acquires Sonic

On September 25, Inspire Brands, the recently formed owner of Arby's and Buffalo Wild Wings, acquired Sonic for \$2.3 billion. Sonic shareholders received \$43.50 per share, representing a 19% premium. Majority owned by private equity firm Roark Capital, Inspire Brands will likely use the acquisition to continue the buildout of its portfolio of restaurants, with combined restaurants and system sales totaling more than 8,000 and \$12 billion, respectively.

Carlisle Corp. Sells LYFE Kitchen to L3 Hospitality Group

On September 21, multiconcept operator L3 Hospitality Group, which had previously been a LYFE Kitchen franchisee, acquired the remaining LYFE units from Carlisle Corp. As part of the sale, LYFE, a fast casual health-focused concept, closed its unit in Memphis, leaving its three remaining units in Chicago. LYFE had struggled under Carlisle's ownership, having closed four units late in 2017 with more closures in recent months.

Del Frisco's Restaurant Group Sells Sullivan's Steakhouse to Romano's Macaroni Grill

On September 18, Del Frisco's Restaurant Group sold its 14-unit Sullivan's Steakhouse chain to Romani's Macaroni Grill for around \$32 million to pay down its debt. The acquisition is part of Romano's four-pronged strategy, helping the Italian chain improve revenue.

The Rhined Acquires Oakley Wines

On September 17, the owners of an Ohio-based cheese shop, the Rhined, acquired Oakley Wines, a Cincinnati, Ohio, retail wine shop bar, for an undisclosed amount. Oakley Wines underwent an expansion in 2015, adding a cellar space and downstairs bar. The owners plan to use that space to host the Rhined's private and ticketed wine and cheese classes.

Swander Pace Capital Acquires Fine Choice Foods

On September 13, Swander Pace Capital, a leading private equity firm specializing in consumer product companies, announced that it had acquired Fine Choice Foods, a leading developer, manufacturer and distributor of fresh and frozen Asian-flavored appetizers to retail and foodservice channels in Canada and the U.S. The size of the deal was not disclosed. The acquisition of Fine Choice marks Swander Pace Capital's second recent investment in the international cuisine segment.

Recent Restaurant M&A Transaction Activity

The Coca-Cola Company Acquires Costa

On August 31, Coca-Cola announced its plan to buy Costa, the world's third largest coffee chain for \$5.1 billion in cash. The deal is Coke's biggest-ever acquisition of a brand, surpassing its 2007 takeover of Vitaminwater, as the company tried to keep pace with consumers' changing tastes.

Cava Group Announces Plan to Acquire Zoe's Kitchen

On August 17, Cava, a privately held company with 66 restaurants, announced it would acquire Zoe's for about \$300 million at a 33% premium. The deal helps to expand Cava's geographic footprint to create a leading company in the fast casual Mediterranean category. The deal will be financed with a significant equity investment by Act III Holdings, as well as The Invus Group, SWaN & Legend Venture Partners, and Revolution Growth.

Lagardère Travel Retail's Paradies Acquires Hojeij Branded Foods

On August 15, Lagardère Travel Retail announced the signing of an agreement for the acquisition of 100% of Hojeij Branded Foods (HBF), which will be combined with Paradies Lagardère, the company's North American division. Lagardère Travel Retail will pay \$330 million in cash for the acquisition. The combination of the two businesses is expected to create a \$1.1 billion player in the North American travel retail and foodservice industry, the third-largest operator in airport concessions as well as in the foodservice segment.

AJB Capital Acquires Red Hot & Blue

On August 14, AJB Capital acquired the Red Hot & Blue franchise of BBQ restaurants from Dancing Pigs, LLC for an undisclosed amount. AJB Capital named Michael Wilkerson CEO. AJB Capital hopes the acquisition will help Red Hot & Blue expand its current 17 locations and 6-state footprint.

Sinelli Concepts International Inc. Acquires Paciugo Franchising

On August 7, Sinelli, parent to the Which Wich sandwich brand, acquired gelato-focused Paciugo. The terms of the deal were not disclosed. Sinelli foresees co-branding the Which Wich and Paciugo concepts, and also giving franchisees options for nontraditional locations like airports and shopping centers.

Focus Brands Inc. Acquires Jamba Juice

On August 2, Focus Brands and Jamba, Inc. announced that the companies had entered into a definitive merger agreement valued at approximately \$200 million. Following the transaction, Jamba became a privately held subsidiary of Focus Brands and continues to operate as an independent brand.
































Krispy Kreme Acquires Majority Stake in Insomnia Cookies

On July 20, Krispy Kreme announced it would acquire a majority stake in the cookie delivery company Insomnia Cookies for an undisclosed amount, but reported to be less than \$500 million. The deal represents another step in building a café-and-coffee empire by JAB Holdings, which has acquired Panera, Au Bon Pain and Pret A Manger in recent years, since it acquired Krispy Kreme in 2016 for \$1.35 billion.

High Bluff Capital Partners Acquires Taco Del Mar

On July 9, High Bluff Capital acquired Taco Del Mar, the fast casual chain featuring Mexican cuisine with more than 100 locations, from Franchise Brands for an undisclosed amount. The deal comes right after High Bluff's acquisition of Quiznos and helps to build on its middle-market restaurant platform. In 2010, Franchise Brands bought Taco Del Mar in a bankruptcy auction for \$3.3 million.

Selected Recent Duff & Phelps Restaurant Transactions

<p>Placement Agent</p>  <p>has acquired</p>  <p>\$130 million credit facility</p>	<p>Sell Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> <p>Elysium Management</p>	<p>Sell Side Advisor</p>  <p>has been acquired by</p> 
<p>Sell Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has been taken private by its controlling stockholders</p>	<p>Board Advisor</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p>  <p>a division of</p>  <p>has been acquired by</p> 	<p>Placement Agent</p>  <p>has secured senior debt financing from</p> 
<p>Sell Side Advisor</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p>  <p>a portfolio company of</p> <p>SUN CAPITAL PARTNERS, INC.</p> <p>has been acquired by</p> 	<p>Board Advisor</p>  <p>has paid a special dividend to its stockholders</p>	<p>Board Advisor</p>  <p>Country Style Cooking Delicious Rice, Multiple Choices</p> <p>has been taken private by the chairman and Sky Success Venture Holdings</p>

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